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MILK MARKET INFORMATION
CHATTANOOGA TENNESSEE MARKETING AREA
August 1958

Number 1

Released Pursuant to \$1000.27 (j) and \$1000.85, USDA-AMS
Federal Order No. 100, 3756 Ringgold Rd., Chattanooga 11, Tennessee
J. B. McCroskey, Market Administrator

MARKET SUMMARY AUGUST 1958

The Order MINIMUM uniform price payable to producers for milk delivered during August to pool plants located less than 65 miles from City Hall, Chattanooga, Tennessee and distributing milk in Hamilton, Bradley, and McMinn Counties Tennessee is \$4.59 per cwt. f.o.b. plants for milk testing 4.0% butterfat. The butterfat differential is 7.2¢ for each one tenth of one percent above or below 4 percent. (See page 3)

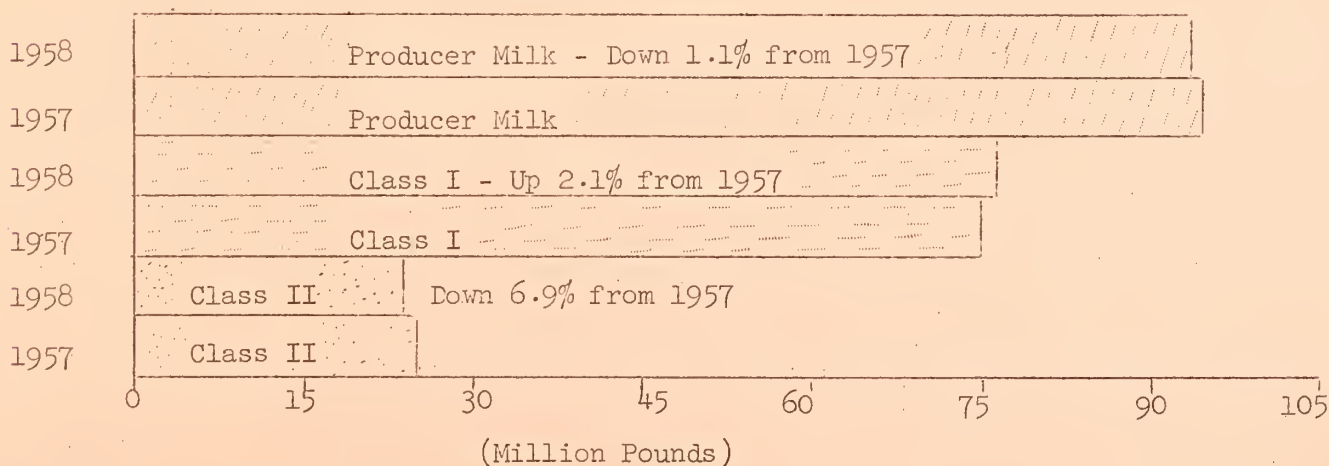
During August 77.6 percent of total producer milk was priced in Class I at \$5.06 per cwt. with a handler butterfat differential of 7.5¢ and 22.4 percent was priced in Class II at \$3.10 per cwt. with a butterfat differential of 6.7¢. (See page 3) The percent of producer skim and butterfat priced in Class I was 80.0% and 67.9% respectively.

The daily average deliveries of producer milk during August increased 6.6% compared with July and increased 8.0% compared with August 1957. The daily average use of Class I milk increased 8.0% compared with July and increased 0.2% compared with August 1957. The number of producers during August 1958 was 28 less than August 1957; however August 1958 daily average producer deliveries increased 28,336 pounds over August 1957.

NUMBER OF FARM PAYROLL ACCOUNTS

	1957					1958								
	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	
New	14	17	13	3	3	2	0	1	3	0	0	2	10	
Quit	0	12	12	4	4	8	2	4	4	7	4	7	14	
Total	806	811	812	811	810	804	802	799	798	791	787	782	778	
Cans	700	696	686	675	667	647	641	626	614	600	586	553	516	
Bk. Tank	106	115	126	136	143	157	161	173	184	191	201	229	262	

PRODUCER RECEIPTS COMPARED TO GROSS CLASS UTILIZATION
(JANUARY THROUGH AUGUST)



COMPARISON OF GROSS MILK RECEIPTS AND UTILIZATION

	<u>August '58</u>	<u>July '58</u>	<u>August '57</u>
	<u>21</u>	<u>21</u>	<u>21</u>
Number of Plants (Pool and Non-Pool)			
GROSS RECEIPTS (DAILY)			
Producer Milk - Cans	221,156	222,220	284,794
Producer Milk - Bulk Tank	162,274	137,304	70,300
Total Producer Milk Pounds	383,430	359,524	355,094
% August '58 compared with:	100.0	106.6	108.0
Other Source Milk Pounds	8,442	6,015	6,170
Other Order Milk Pounds	23,435	23,712	17,802
<u>TOTAL RECEIPTS MILK POUNDS</u>	<u>415,307</u>	<u>389,251</u>	<u>379,066</u>
% August '58 compared with:	100.0	106.7	109.6
GROSS UTILIZATION (DAILY)			
Class I Milk Pounds:			
Fluid Milk	252,425	239,527	258,811
Buttermilk	35,793	35,373	37,130
Chocolate Milk	8,100	7,061	8,207
Fluid Skim	5,882	5,846	4,720
Fluid Creams	1,935	1,794	1,965
Bulk to Non-Handlers	17,985	8,772	9,904
Class I Shrinkage	2,368	2,228	3,037
Inventory Reclass.	(377)	(533)	(419)
Overstated Sales	(52)	-0-	(46)
Total Class I Milk	324,059	300,068	323,309
% August '58 compared with:	100.0	108.0	100.2
Class II Milk Pounds (Used to Produce)			
Butter	653	1,466	2,064
Cottage Cheese	10,999	12,226	10,446
Powdered and Condensed Milk	45,736	44,207	24,586
Ice Cream	20,721	18,503	15,280
Inventory Variation	3,331	2,109	(5,227)
Other	9,808	10,672	8,608
Total Class II Milk	91,248	89,183	55,757
% August '58 compared with:	100.0	102.3	163.7
<u>TOTAL UTILIZATION CL.I AND CL.II MILK LBS.</u>	<u>415,307</u>	<u>389,251</u>	<u>379,066</u>
% Producer Milk of Gross Class I	118.3	119.8	109.8
% Producer Skim of Gross Class I Skim	117.7	119.1	109.2
% Producer Butterfat of Gross Class I Butterfat	134.6	138.3	128.0
% Producer Milk Priced in Class I	77.6	76.9	85.8

SEPTEMBER 1958 CLASS I MINIMUM PRICE COMPUTATION INCLUDING SUPPLY-DEMAND ADJUSTMENT

	<u>Sept. '58</u>	<u>Aug. '58</u>	<u>Sept. '57</u>
Basic Formula (See page 4)	\$3.35	\$3.33	\$3.54
Plus (\$ 1000.51 (a)(1))	1.75	1.75	1.75
Supply-Demand Adjustment	-0.14	-0.02	.00
Class I Price, 4.0% Butterfat	\$4.96	\$5.06	\$5.29

Per \$ 1000.51 (a)

Supply-Demand Comparison: 1st and 2nd preceding months: July and August	
Supply: Lbs. Producer Milk (July 11,145,255 and August 11,886,346)	23,031,601
Demand: Lbs. Net Class I Milk (July 8,795,027 and August 9,473,177)	18,268,204
Utilization Percentage: Producer milk divided by Class I	126
Standard Utilization Percentage: Range 115 - 119	119
Net Deviation Percentage: Utiliz. % 126 minus Standard Utiliz. % 119	plus 7
Supply-Demand Adjustment: 2 cents x 7 percentage points	minus \$0.14

Since the supply in relation to the demand is more than the desired standard, the price is decreased 14 cents per hundredweight (2 cents x 7 percentage points).

SUMMARY OF COMPUTATION OF UNIFORM PRODUCER PRICES FOR AUGUST 1958

Based on 21 plant reports prior to audit

	Class %	Milk Pounds	Butterfat Test	Cwt. Price @ Test	Value
Gross Class I		10,045,817	3.617		
Less Other Source		824,452	3.833		
Producer Milk Class I	77.6	9,221,365	3.598253	\$4.758690	\$438,816.17
Gross Class II		2,828,703	5.568		
Less Other Source		163,722	0.187		
Producer Milk Class II	22.4	2,664,981	5.898691	4.372123	116,516.25
TOTAL PROD. (Cl.I + Cl.II)	100.0	11,886,346	4.114023		555,332.42
Less Fractional Adjustment					.07
Add Compensatory Payment Value		106,484		0.47	500.47
Add Overage Value					124.82
Add Inventory Reclass. Value					52.40
Add $\frac{1}{2}$ Producer-Settlement Fund Reserve					4,865.76
TOTAL VALUE AT TEST		11,886,346	4.114023		560,875.80
Less Test Over 4% @ 7.2¢ per point		11,886,346	.114023	0.082097	9,758.33
TOTAL VALUE AT 4.0%		11,886,346	4.0	4.636559	551,117.47
Less Producer-Settlement Fund Reserve		11,886,346		.046559	5,534.16
UNIFORM PRICE f.o.b. POOL PLANT		11,886,346	4.0	4.59	545,583.31

AUGUST 1958. MINIMUM PRODUCER PRICES CWT. f.o.b. CHATTANOOGA POOL PLANT (0-65 Mile Zone)
 BUTTERFAT DIFFERENTIAL 7.2¢ PER POINT (EXCLUDES PREMIUMS)

TEST	PRICE	TEST	PRICE	TEST	PRICE	TEST	PRICE	TEST	PRICE
3.0	\$3.87	3.6	\$4.302	4.2	\$4.734	4.8	\$5.166	5.4	\$5.598
3.05	3.906	3.65	4.338	4.25	4.77	4.85	5.202	5.45	5.634
3.1	3.942	3.7	4.374	4.3	4.806	4.9	5.238	5.5	5.67
3.15	3.978	3.75	4.41	4.35	4.842	4.95	5.274	5.55	5.706
3.2	4.014	3.8	4.446	4.4	4.878	5.0	5.31	5.6	5.742
3.25	4.05	3.85	4.482	4.45	4.914	5.05	5.346	5.65	5.778
3.3	4.086	3.9	4.518	4.5	4.95	5.1	5.382	5.7	5.814
3.35	4.122	3.95	4.554	4.55	4.986	5.15	5.418	5.75	5.85
3.4	4.158	4.0	4.59	4.6	5.022	5.2	5.454	5.8	5.886
3.45	4.194	4.05	4.626	4.65	5.058	5.25	5.49	5.85	5.922
3.5	4.23	4.1	4.662	4.7	5.094	5.3	5.526	5.9	5.958
3.55	4.266	4.15	4.698	4.75	5.13	5.35	5.562	5.95	5.994

ACTIVITIES OF CHECK TESTERS AUGUST 1958; Plant Scales checked 6; Plant calls 140;
 Samples tested - Composite 1,977, Fresh 5,046, Finished Products 237.

NOTICE OF NEW MILK BASE FORMING PERIOD

Each producer for the Chattanooga marketing area will have a NEW MILK BASE to be used in making payment to such producer during the months of March through July 1959. The 1959 daily average base will be computed by dividing each producer's total Grade "A" milk deliveries to pool plants during Sept. 1958 through Jan. 1959 by the number of days from the first day of delivery to the last day of January, inclusive, but not less than 120 days. August 1958 through Feb. 1959, producers will be paid a uniform blend price for their total milk deliveries. Milk bases should be in the CORRECT NAME of person or persons for whom BASE CREDIT is to be given. Producers (particularly partnerships) are urged to see that their name is correctly listed with the handler receiving their milk.

SUMMARY OF CHATTANOOGA MILK PRICES (4 PERCENT MILK)

Month	PRODUCER UNIFORM PRICES				HANDLER CLASS PRICES			
	Per Hundredweight				Class I		Class II	
	Uniform	Base	Excess	Bf.Dif.	Cwt.	Bf.Dif.	Cwt.	Bf.Dif.
Aug. '57	\$4.94 <u>1</u>	-	-	7.2¢	\$5.28	7.7¢	\$3.06	6.9¢
Sept.	4.98 <u>1</u>	-	-	7.3	5.29 <u>1</u>	7.7	3.61	7.0
Oct.	4.92 <u>1</u>	-	-	7.2	5.36 <u>1</u>	7.9	3.55	6.9
Nov.	5.06 <u>1</u>	-	-	7.1	5.30 <u>1</u>	7.8	3.53	6.8
Dec.	4.87 <u>1</u>	-	-	7.2	5.28 <u>1</u>	7.7	3.54	6.9
Jan. '58	4.94 <u>1</u>	-	-	7.1	5.29 <u>1</u>	7.8	3.56	6.8
Feb.	5.02 <u>1</u>	-	-	7.1	5.31 <u>1</u>	7.7	3.16	6.8
Mar.	4.90 <u>2</u>	\$5.02 <u>1</u>	\$3.06	7.4	5.32	7.7	3.10	6.8
Apr.	4.57 <u>2</u>	4.83 <u>1</u>	2.98	7.2	5.37	7.7	3.02	6.6
May	4.35 <u>2</u>	4.58 <u>1</u>	2.94	7.2	5.08 <u>1</u>	7.5	2.98	6.6
June	4.33 <u>2</u>	4.48 <u>1</u>	2.95	7.2	4.96 <u>1</u>	7.5	2.99	6.6
July	4.48 <u>2</u>	4.62 <u>1</u>	3.01	7.2	4.95 <u>1</u>	7.5	3.05	6.6
Aug.	4.59 <u>1</u>	-	-	7.2	5.06 <u>1</u>	7.5	3.10	6.7
Sept.	-	-	-	-	4.96 <u>1</u>	7.6	-	-

SUMMARY OF PRICES USED IN DETERMINING CLASS PRICES

	AVERAGE QUOTATIONS				ALTERNATIVE FORMULAS				Highest or Basic Formula
	Cond.	Chi.92 ^o	Chi.Area	Wisc.	(\$-cwt-4%)				
	Mid-West	Butter	Powders	Cheese	Cond.	Butter	Butter	4 Tenn.	
Month	\$-cwt-3.5%	¢ lb.	¢ lb.	¢ lb.	Mid-West	Cheese	Powder	Milk Mfg.	\$-cwt-4%
Aug. '57	3.062	59.597	14.275	33.208	3.42	3.25	3.54	3.06	3.54
Sept.	3.096	61.100	14.355	33.250	3.46	3.32	3.61	3.11	3.61
Oct.	3.135	59.815	14.410	33.250	3.50	3.26	3.55	3.14	3.55
Nov.	3.150	59.375	14.450	33.250	3.51	3.24	3.53	3.19	3.53
Dec.	3.146	59.685	14.475	33.250	3.51	3.25	3.54	3.21	3.54
Jan. '58	3.133	59.375	14.535	33.250	3.49	3.24	3.56	3.19	3.56
Feb.	3.110	59.375	14.460	33.250	3.47	3.24	3.53	3.16	3.53
Mar.	3.082	59.308	14.360	32.812	3.45	3.23	3.52	3.10	3.52
Apr.	2.956	57.750	13.405	31.057	3.32	3.13	3.37	3.02	3.37
May	2.896	57.661	12.525	31.727	3.26	3.14	3.33	2.98	3.33
June	2.890	57.750	12.425	31.750	3.25	3.14	3.30	2.99	3.30
July	2.921	57.750	12.545	31.750	3.28	3.14	3.33	3.05	3.33
Aug.	2.960	58.137	12.640	31.770	3.32	3.16	3.35	3.10	3.35

SUMMARY OF RECEIPTS AND USE (DAILY AVERAGE)

Month	GROSS POUNDS MILK 3					Number of		Deliveries Per			Prod.
	Gross	Prod.	Prod.	Base	Gross	of		Farm -- Pounds			Milk
	Cl. 1	Cl. 1	Repts.	Repts.	Repts.	Hdlr.	Prod.	Prod.	Base	Exc.	Test %
Aug. '57	323,309	304,631	355,094	-	379,066	21	806	441	-	-	4.19
Sept.	335,146	316,740	376,370	-	401,147	21	811	464	-	-	4.29
Oct.	322,887	304,432	395,314	-	417,532	21	812	487	-	-	4.49
Nov.	361,772	344,415	389,501	-	411,005	21	811	480	-	-	4.49
Dec.	319,015	301,282	386,242	-	408,374	22	810	477	-	-	4.50
Jan. '58	333,724	316,224	386,527	-	407,418	22	804	481	-	-	4.48
Feb.	337,832	319,309	363,475	-	385,707	22	802	453	-	-	4.47
Mar.	329,719	310,776	376,313	353,279	400,141	23	799	471	442	29	4.30
Apr.	315,935	292,181	431,141	371,344	458,881	23	798	540	465	75	4.22
May	311,241	287,162	429,247	369,216	457,833	21	791	543	467	76	4.21
June	289,022	265,626	382,485	344,709	411,280	21	787	486	438	48	4.11
July	300,068	276,595	359,524	328,401	389,251	21	782	460	420	40	4.16
Aug.	324,059	297,463	383,430	-	415,307	21	778	493	-	-	4.11

¹ Excludes Premium² For statistics only³ Other Source is Gross minus Producer; Class II is receipts minus Class I; Excess Receipts is Producer minus Base